

B.P.C. Bridger Petroleum Corporation Ltd.

INTERIM REPORT

For the Six Month Period Ended

March 31, 1977

Formerly Houston Oils Ltd

Revenue from oil and gas sales, net after royalties, increased 110% to \$5,815,000 and provided cash flow from operations of \$5,329,000 or \$1.34 per share compared with \$2,037,000 or 52 cents per share for the same six month period in the preceding year. Net income was \$2,200,000 or 55 cents per share compared with \$643,000 or 16 cents per share before extraordinary items and \$254,000 or 6 cents per share after extraordinary items for the comparative period. The results to date for the current fiscal year are in line with the estimates contained in our 1976 Annual Report.

During the six month period the Company participated in the drilling of 38 wells in Canada resulting in 35 gas wells and 3 dry holes. In the U.S. we participated in 60 wells with 20 resulting in gas wells, 5 as oil wells and 35 were dry holes.

Our exploration and development plans for Canada prior to the end of the Company's fiscal year-end of September 30, 1977, include the drilling of an additional 30 exploratory and 10 development wells in the Hairy Hill area of East Central Alberta. This program is currently underway.

An eight well oil exploration program is being planned for the Wimborne area of Central Alberta. The Company will drill these wells on a block of leases held by the Company and pooled or farmed-in from other companies which totals about 42,000 gross acres. We plan to retain a 25% interest in two of the test wells and a 50% interest in the other six; drilling operations are expected to commence in June, 1977.

In Southern Alberta we have obtained a farmout-option on a 12,800 acre block in the Conrad area. A 3,250 foot Mississippian test, in which we will retain an 80% interest, will be commenced by June 1, 1977 to evaluate Lower Cretaceous oil objectives.

During the period the Company's U.S. subsidiary made a Frio gas discovery in Victoria County, Texas. The Bridger Putnam #1 tested 4.4 million cubic feet of gas per day. Bridger has drilled three potential gas wells offsetting the discovery, which are currently being completed, and all four wells are expected to be on production by July. The Company has a 34% interest in the discovery well until payout (which then reverts to a 45% interest) and a 45% interest in the other wells and prospect acreage.

The Britt #1, an 18,000 foot wildcat located in Wheeler County, Texas, is currently drilling below 14,000 feet. The Company has increased its interest in this test well to 21.875% and we expect to reach total depth during June, 1977.

In keeping with corporate plans to accelerate U.S. exploration activity and to increase our exposure to major reserve potential, the Company will be participating in three new deep exploratory prospects in the second half. In Van Zant County of East Texas we will have a 25% interest in a 13,500 foot test well to be commenced about May 15, 1977 on a 3,500 acre lease block. In Wyoming, we will have a 25% interest in a 14,000 foot test well located on a 5,120 acre lease block in the Wind River Basin of Fremont County and a 14% interest in a 12,000 foot test well on a 980 acre lease block in the Spearhead Ranch Field area in the Powder River Basin of Campbell County. Both of the Wyoming test wells are expected to commence drilling in July.

Respectfully submitted

A. E. Whitehead
President

B.P.C. Bridger Petroleum Corporation Ltd.
and subsidiary companies

CONSOLIDATED STATEMENT OF EARNINGS

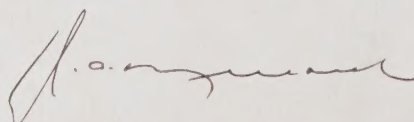
	Six Months Ended March 31	
	1977	1976
		(Note) Unaudited
INCOME		
Oil and gas sales, net of royalties	\$5,815,000	\$2,765,000
Other	370,000	118,000
	<u>6,185,000</u>	<u>2,883,000</u>
EXPENSES		
Production	506,000	220,000
Interest	198,000	333,000
General and administrative	390,000	361,000
Depletion and amortization	945,000	676,000
Depreciation	468,000	229,000
	<u>2,507,000</u>	<u>1,819,000</u>
Income before income taxes and extraordinary items	<u>3,678,000</u>	<u>1,064,000</u>
Provision for income tax expense (recovery)		
Current	(238,000)	(68,000)
Deferred	1,716,000	489,000
	<u>1,478,000</u>	<u>421,000</u>
Income before extraordinary items	<u>2,200,000</u>	<u>643,000</u>
Extraordinary items	—	389,000
Net Income	<u>\$2,200,000</u>	<u>\$ 254,000</u>
Earnings per share		
Income before extraordinary items	\$ 0.55	\$ 0.16
Net income	<u>\$ 0.55</u>	<u>\$ 0.06</u>

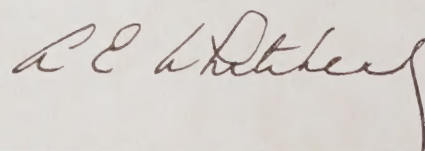
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

SOURCE OF FUNDS		
Funds provided from operations	\$5,329,000	\$2,037,000
Increase in long term debt	750,000	811,000
Proceeds on sale of property and equipment	3,167,000	1,357,000
Capital stock issued	26,000	11,000
Adjustment to carrying cost of real estate held for investment	—	160,000
Other	3,000	56,000
	<u>9,275,000</u>	<u>4,432,000</u>
USE OF FUNDS		
Exploration and development costs	3,705,000	3,664,000
Long term debt repayments	1,422,000	291,000
Capitalized carrying cost of real estate held for investment	214,000	39,000
	<u>5,341,000</u>	<u>3,994,000</u>
Increase in working capital	3,934,000	438,000
Working capital at beginning of period	3,822,000	1,310,000
Working capital at end of period	<u>\$7,756,000</u>	<u>\$1,748,000</u>

Note: Comparative earnings figures have been reclassified to conform with presentation policies adopted for the 1976 audited financial statements.

Approved on behalf of the Board

 Director

 Director